

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 1388
OFFERED BY MR. TONKO AND MR. MILLER**

Insert after section 1804 the following new section
(and redesignate succeeding sections and conform the
table of contents accordingly):

1 SEC. 1805. SOCIAL INNOVATION FUND.

2 (a) IN GENERAL.—Subtitle H is further amended by
3 adding after Part II (as added by section 1804) the fol-
4 lowing new part:

5 **“PART III—SOCIAL INNOVATION FUND**

6 **“SEC. 198E. SOCIAL INNOVATION FUND.**

7 “(a) FINDINGS.—Congress finds the following:

8 “(1) Social entrepreneurs and other nonprofit
9 community organizations are developing innovative
10 and effective solutions to national and local chal-
11 lenges.

12 “(2) Increased public and private investment in
13 replicating and expanding proven effective solutions
14 developed by social entrepreneurs and other non-
15 profit community organizations, could allow those
16 entrepreneurs and organizations to replicate and ex-
17 pand proven initiatives in communities.

1 “(3) Increased public and private investment to
2 seed new solutions to our nation’s most serious chal-
3 lenges will create a pipeline of new social innova-
4 tions.

5 “(4) A Social Innovation Fund could leverage
6 Federal investments to increase State, local, busi-
7 ness, and philanthropic resources to replicate and
8 expand proven solutions, and invest in seeding new
9 innovations, to tackle specific identified community
10 challenges.

11 “(b) PURPOSES.—The purposes of this section are—

12 “(1) to recognize and increase the impact of so-
13 cial entrepreneurs and other nonprofit community
14 organizations in tackling national and local chal-
15 lenges;

16 “(2) to stimulate the development of a Social
17 Innovation Fund that will increase private and pub-
18 lic investment in nonprofit community organizations
19 that are effectively addressing national and local
20 challenges to allow such organizations to replicate
21 and expand successful initiatives;

22 “(3) to assess the effectiveness of—

23 “(A) leveraging Federal investments to in-
24 crease State, local, business, and philanthropic

1 resources to address national and local chal-
2 lenges;

3 “(B) providing resources to replicate and
4 expand effective initiatives; and

5 “(C) seeding experimental initiatives.

6 “(4) to strengthen the infrastructure to iden-
7 tify, invest in, and replicate and expand, initiatives
8 with effective solutions to national and local chal-
9 lenges.

10 “(c) DEFINITIONS.—In this section—

11 “(1) the term ‘community organization’ means
12 a nonprofit organization that carries out innovative,
13 effective initiatives to address community challenges;

14 “(2) the term ‘covered entity’ means—

15 “(A) an existing grantmaking institution
16 (existing as of the date on which the institution
17 applies for a grant under this section); or

18 “(B) a partnership between—

19 “(i) such an existing grantmaking in-
20 stitution; and

21 “(ii) an additional grantmaking insti-
22 tution, a State Commission, or a chief ex-
23 ecutive officer of a unit of general local
24 government; or

1 “(C) an individual nonprofit organization;

2 and

3 “(3) the term ‘issue area’ means an area de-
4 scribed in subsection (f)(3).

5 “(d) PROGRAM.—The Corporation shall establish a
6 Social Innovation Fund grant program to make grants on
7 a competitive basis to eligible entities.

8 “(e) PERIODS; AMOUNTS.—

9 “(1) For covered entities described in sub-
10 section (c)(2)(A) and (B), the Corporation shall
11 make such grants for periods of 5 years, and may
12 renew the grants for additional periods of 5 years,
13 in amounts of not less than \$1,000,000 and not
14 more than \$10,000,000 per year.

15 “(2) For covered entities described in sub-
16 section (c)(2)(C), the Corporation shall make grants
17 for up to 3 years, and may renew the grants for ad-
18 ditional periods of 3 years, in amounts up to
19 \$500,000 per year.

20 “(f) ELIGIBILITY.—To be eligible to receive a grant
21 under this section, an entity shall—

22 “(1) be a covered entity;

23 “(2) be focused on—

24 “(A) serving a specific local geographical
25 area; or

1 “(B) addressing a specific issue area, in
2 geographical areas that have the highest need
3 in that issue area, as demonstrated by statistics
4 concerning that need.

5 “(3) be focused on improving measurable out-
6 comes relating to—

7 “(A) education for economically disadvan-
8 taged students;

9 “(B) child and youth development;

10 “(C) reductions in poverty or increases in
11 economic opportunity for economically dis-
12 advantaged individuals;

13 “(D) health, including access to health
14 care and health education;

15 “(E) resource conservation and local envi-
16 ronmental quality;

17 “(F) individual or community energy effi-
18 ciency;

19 “(G) civic engagement; or

20 “(H) reductions in crime;

21 “(4) For covered entities described in sub-
22 section (c)(2)(A) and (B), have an evidence-based
23 decision-making strategy including, but not limited
24 to—

1 “(A) use of evidence produced by prior rig-
2 orous evaluations of program effectiveness in-
3 cluding, where available, well-implemented ran-
4 domized controlled trials; and

5 “(B) a well-articulated plan to—

6 “(i) replicate and expand research-
7 proven initiatives that have been shown to
8 produce sizeable, sustained benefits to par-
9 ticipants or society; or

10 “(ii) partner with a research organiza-
11 tion to carry out rigorous evaluations to
12 assess the effectiveness of approaches.

13 “(5) For covered entities described in sub-
14 section (e)(2)(C), have an evidence-based decision-
15 making strategy including, but not limited to—

16 “(A) use of evidence produced by prior rig-
17 orous evaluations of program effectiveness in-
18 cluding, where available, well-implemented ran-
19 domized controlled trials; or

20 “(B) a well-articulated plan to—

21 “(i) conduct rigorous evaluations to
22 assess the effectiveness of approaches; or

23 “(ii) partner with a research organiza-
24 tion to carry out rigorous evaluations to

1 assess the effectiveness of approaches to
2 addressing national or local challenges.

3 “(6) For covered entities described in sub-
4 section (c)(2)(A) and (B), have a well-articulated
5 process for assessing community organizations for
6 subgrants; and

7 “(7) have appropriate policies, as determined by
8 the Corporation, that protect against conflict of in-
9 terest, self-dealing, and other improper practices.

10 “(g) APPLICATION.—To be eligible to receive a grant
11 under subsection (d) for national leveraging capital, an eli-
12 gible entity shall submit an application to the Corporation
13 at such time, in such manner, and containing such infor-
14 mation as the Corporation may specify, including, at a
15 minimum—

16 “(1) an assurance that the eligible entity will—

17 “(A) use the funds received through that
18 capital in order to make subgrants to commu-
19 nity organizations that will use the funds to
20 test new initiatives, or replicate or expand prov-
21 en initiatives in low-income communities;

22 “(B) use the funds for growth capital or to
23 test new initiatives;

24 “(C) in making decisions about subgrants
25 for communities, consult with a diverse cross

1 section of community representatives in the de-
2 cisions, including individuals from the public,
3 nonprofit , and for-profit private sectors; and

4 “(D) make subgrants of a sufficient size
5 and scope to enable the community organiza-
6 tions to build their capacity to test or manage
7 initiatives, and sustain replication or expansion
8 of the initiatives;

9 “(2) an assurance that the eligible entity will
10 not make any subgrants to the parent organizations
11 of the eligible entity, a subsidiary organization of the
12 parent organization, or, if the eligible entity applied
13 for funds under this section as a partnership, any
14 member of the partnership;

15 “(3) an identification of, as appropriate—

16 “(A) the specific local geographical area
17 referred to in subsection (f)(2)(A) that the eli-
18 gible entity is proposing to serve; or

19 “(B) geographical areas referred to in sub-
20 section (f)(2)(B) that the eligible entity is likely
21 to serve;

22 “(4)(A) information identifying the issue areas
23 in which the eligible entity will work to improve
24 measurable outcomes;

1 “(B) statistics on the needs related to those
2 issue areas in, as appropriate—

3 “(i) the specific local geographical area de-
4 scribed in paragraph (3)(A); or

5 “(ii) the geographical areas described in
6 paragraph (3)(B), including statistics dem-
7 onstrating that those geographical areas have
8 the highest need in the specific issue area that
9 the eligible entity is proposing to address; and

10 “(C) information on the specific measurable
11 outcomes related to the issue areas involved that the
12 eligible entity will seek to improve;

13 “(5) information describing the process by
14 which the eligible entity selected, or will select, com-
15 munity organizations to receive the subgrants, to en-
16 sure that the community organizations—

17 “(A) are institutions with proven initia-
18 tives, with track records of achieving specific
19 outcomes related to the measurable outcomes
20 for the eligible entity, or are institutions that
21 articulate a new solution with potential for sub-
22 stantial impact;

23 “(B) articulate measurable outcomes for
24 the use of the subgrant funds that are con-

1 needed to the measurable outcomes for the eligi-
2 ble entity;

3 “(C) will use the funds to test, replicate or
4 expand their initiatives;

5 “(D) provide a well-defined plan for test-
6 ing, replicating or expanding the initiatives
7 funded;

8 “(E) can sustain the initiatives after the
9 subgrant period concludes through reliable pub-
10 lic revenues, earned income, or private sector
11 funding;

12 “(F) have strong leadership and financial
13 and management systems;

14 “(G) are committed to the use of data col-
15 lection and evaluation for improvement of the
16 initiatives;

17 “(H) will implement and evaluate innova-
18 tive initiatives, to be important contributors to
19 knowledge in their fields; and

20 “(I) will meet the requirements for pro-
21 viding matching funds specified in subsection
22 (k);

23 “(6) information about the eligible entity, in-
24 cluding its experience managing collaborative initia-
25 tives, or assessing applicants for grants and evalu-

1 ating the performance of grant recipients for out-
2 come-focused initiatives, and any other relevant in-
3 formation;

4 “(7) a commitment to meet the requirements of
5 subsection (i) and a plan for meeting the require-
6 ments, including information on any funding that
7 the eligible entity has secured to provide the match-
8 ing funds required under that subsection;

9 “(8) a description of the eligible entity’s plan
10 for providing technical assistance and support, other
11 than financial support, to the community organiza-
12 tions that will increase the ability of the community
13 organizations to achieve their measurable outcomes;

14 “(9) information on the commitment, institu-
15 tional capacity, and expertise of the eligible entity
16 concerning—

17 “(A) collecting and analyzing data required
18 for evaluations, compliance efforts, and other
19 purposes;

20 “(B) supporting relevant research; and

21 “(C) submitting regular reports to the Cor-
22 poration, including information on the initia-
23 tives of the community organizations, and the
24 replication or expansion of such initiatives; and

1 “(10) a commitment to use data and evalua-
2 tions to improve their model and be more trans-
3 parent about its challenges

4 “(11) a commitment to cooperate with any eval-
5 uation activities undertaken by the Corporation

6 “(h) SELECTION CRITERIA.—In selecting eligible en-
7 tities to receive grants under this section, the Corporation
8 shall—

9 “(1) select eligible entities on a competitive
10 basis;

11 “(2) select eligible entities on the basis of the
12 quality of their selection process, as described in
13 subsection (g)(5), the capacity of the eligible entities
14 to manage Social Innovation Funds, and the poten-
15 tial of the eligible entities to sustain the Funds after
16 the conclusion of the grant period;

17 “(3) solicit broad community perspectives that
18 inform grant-making decisions

19 “(4) include among the grant recipients eligible
20 entities that propose to provide subgrants to serve
21 communities (such as rural low-income communities)
22 that the eligible entities can demonstrate are signifi-
23 cantly philanthropically underserved; and

24 “(5) select a geographically diverse set of eligi-
25 ble entities.

1 “(i) MATCHING FUNDS FOR GRANTS.—

2 “(1) IN GENERAL.—The Corporation may not
3 make a grant to an eligible entity under this section
4 for a Community Solutions Fund unless the entity
5 agrees that, with respect to the cost described in
6 subsection (d) for that Fund, the entity will make
7 available matching funds in an amount not less than
8 \$1 for every \$1 of funds provided under the grant.

9 “(2) NON-FEDERAL SHARE.—The eligible entity
10 shall provide the matching funds in cash.

11 “(a) RESERVED PROGRAM FUNDS FOR RESEARCH
12 AND EVALUATION.—The Corporation may reserve up to
13 5 percent of total program funds appropriated to carry
14 out this section for a fiscal year to support research and
15 evaluation related to this section.

16 “(b) ADVISORY PANEL.—

17 “(1) IN GENERAL.—Under authority of section
18 195 (f) of the National and Community Service Act
19 of 1990, the Chief Executive Officer, in consultation
20 with the Board, shall establish an Advisory Panel to
21 provide advice and input about carrying out this sec-
22 tion. The Advisory Panel may collectively have expe-
23 rience in—

24 “(A) social entrepreneurship and social en-
25 terprise;

1 “(B) the management and operation of
2 small nonprofit organizations and large non-
3 profit organizations;

4 “(C) business, including a business with
5 experience working with a startup enterprises,
6 experience growing businesses, experience with
7 corporate social responsibility or a business
8 with experience working with the nonprofit sec-
9 tor;

10 “(D) philanthropy, including the an under-
11 standing of philanthropic challenges in urban
12 and rural areas and in areas that are philan-
13 thropically underserved;

14 “(E) qualitative and quantitative social
15 science research, including scientifically-rig-
16 orous evaluations of program effectiveness; data
17 driven decision making and evidence-based pol-
18 icymaking;

19 “(F) volunteering, including effective vol-
20 unteer management; and

21 “(G) government, including the manage-
22 ment of government agencies and the role of
23 government programs in providing services.

24 “(2) OTHER QUALIFICATIONS.—The Advisory
25 Panel shall include a diverse range of individuals, in-

1 including young people, and individuals from diverse
2 economic, racial, ethnic, and religious backgrounds,
3 and individuals from diverse geographic areas.

4 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
5 is authorized to be appropriated such sums as may be nec-
6 essary to carry out this section.”.

7 (b) TABLE OF CONTENTS AMENDMENT.—The
8 amendment to the table of contents contained in section
9 4101 is amended by redesignating the item relating to
10 Part III of Subtitle H as Part IV and by inserting after
11 the item relating to section 198D the following:

PART III—SOCIAL INNOVATION FUND

Sec. 198E. Social innovation fund.

